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MILK MARKET INFORMATION
CHATTANOOGA, TENNESSEE MARKETING AREA
September 1963

Volume 8 Reserve

U. S. DEPT. OF AGRICULTURE Number 2

Released Pursuant to §1090.27 (j) and §1090.85, USDA-AMS
Federal Order No. 90, 5916 Brainerd Road, Chattanooga, Tennessee 37411
J. B. McCroskey, Market Administrator

CURRENT SERIAL RECORDS

MARKET SUMMARY-SEPTEMBER 1963

The MINIMUM uniform producer price is \$4.30 per cwt. f.o.b. Chattanooga Area pool plants for milk containing 3.5% butterfat. The producer butterfat differential is 7.4 cents for each one-tenth of one percent above or below 3.5%.

During September, 79.5% of the total producer milk was priced in Class I at \$4.61 per cwt. with a butterfat differential of 7.5 cents and 20.5% in Class II at \$3.20 per cwt. with a butterfat differential of 6.9 cents. The daily average use of Class I milk increased 4.8% compared with August 1963 and increased 16.8% compared with September 1962.

Daily average delivery of milk from producers was 559,667 pounds in September 1963, an increase of 21,938 pounds per day compared with August 1963 and an increase of 51,471 pounds compared with September 1962. Percentage-wise, September deliveries increased 4.1% and 10.1% compared with August 1963 and September 1962 respectively. The daily average farm delivery was 806 pounds compared with 755 pounds per farm for September 1962. This shows an increase of 51 pounds (5.9 gallons) per farm per day.

MILK SAMPLES TESTED - Producer Fresh Samples 5,721 - Handler Finished Products 202. During September an average of 8.2 samples per producer was used to determine butterfat content and pay test. Other samples were used to determine water, bacteria, antibiotics, etc. by the plants and various agencies.

MILK BASE RULES

The following rules shall apply in connection with the establishment and assignment of producer milk bases for the Chattanooga Marketing Area:

- (a) A base shall be assigned to the producer for whose account milk is received at a pool plant during the months of September through January.
- (b) An entire base may be transferred effective as of the end of any month during which an application, on approved form, for such transfer is received by the Market Administrator.
 1. All base transfers shall be signed by the person transferring base and the person receiving base.
 2. If a base is held jointly, the transfer application shall be signed by all joint holders or their heirs.
- (c) A base established as a partnership may be divided between the partners on any basis agreed to in writing by the partners, provided written notification is given the Market Administrator.

The above rules are published in answer to recent inquiries that indicate producers are not fully aware of the Order provisions with regard to bases and the effect changes in name listings may have on bases. If there are any questions concerning a milk base, please contact the Market Administrator's Office.

COMPARISON OF GROSS MILK RECEIPTS AND UTILIZATION

	<u>Sept. '63</u>	<u>Aug. '63</u>	<u>Sept. '62</u>
Number of Plants (Pool and Non-Pool)	14	14	14
<u>GROSS RECEIPTS POUNDS (DAILY AVERAGE)</u>			
Producer Deliveries	559,667	537,729	508,196
% September '63 compared with:	100.0	104.1	110.1
Other Source	20,031	18,719	11,515
Other Order	13,796	30,421	8,810
Total Milk Receipts	593,494	586,869	528,521
% September '63 compared with:	100.0	101.1	112.3
<u>GROSS UTILIZATION POUNDS (DAILY AVERAGE)</u>			
Class I Uses:			
Fluid Milk	368,510	343,232	310,748
Fluid Skim	20,631	20,713	16,176
Buttermilk	43,647	46,338	37,190
Flavored Milk and Drink	13,177	13,792	10,444
Fluid Creams (Sweet & Sour)	2,460	2,794	2,460
Bulk to Non-Handlers	1,809	1,417	7,345
Shrinkage Class I	629	2,136	1,625
Other	-	(112)	(47)
Total Class I Milk	450,863	430,310	385,941
% September '63 compared with:	100.0	104.8	116.8
Class II Uses:			
Butter	383	405	1,676
Cottage Cheese	20,556	21,447	16,223
Powdered and Condensed Milk	45,536	67,699	61,593
Ice Cream	46,675	62,661	35,027
Stockfeed	5,269	6,537	5,036
Shrinkage Class II	9,205	10,029	8,357
Other	15,007	(12,219)	14,668
Total Class II Milk	142,631	156,559	142,580
% September '63 compared with:	100.0	91.1	100.0
Gross Class I Butterfat Pounds	15,855	15,011	13,761
Gross Class II Butterfat Pounds	7,278	7,686	7,387
Total Butterfat Pounds	23,133	22,697	21,148
% Producer Milk of Gross Class I	124.1	125.0	131.7
% Producer Milk Priced in Class I	79.5	78.8	75.1

OCTOBER 1963 CLASS I MINIMUM PRICE COMPUTATION INCLUDING SUPPLY-DEMAND ADJUSTMENT

	<u>Oct. '63</u>	<u>Sept. '63</u>	<u>Oct. '62</u>
Basic Formula	\$3.12	\$3.10	\$3.06
Plus Class I Differential	1.75	1.75	1.75
Supply-Demand Adjustment	(0.24)	(0.24)	(0.42)
Class I Price, 3.5% Butterfat	\$4.63	\$4.61	\$4.39
Per \$ 1090.51 (a)			
Supply-Demand Comparison: 1st and 2nd preceding months: August and September			
Supply: Lbs. Producer Milk (Aug. 16,669,611 and Sept. 16,789,998)			33,459,609
Demand: Lbs. Net Class I Milk (Aug. 13,144,885 and Sept. 13,350,444)			26,495,329
Utilization Percentage: Producer milk divided by Class I			126
Standard Utilization Percentage: Range 110-114			114
Net Deviation Percentage: Utilization minus Standard Utilization			Plus 12
Supply-Demand Adjustment: 2 cents x 12 percentage points			Minus \$0.24

Since the supply in relation to the demand is more than the desired standard, the price is decreased 24 cents per hundredweight (2 cents x 12 percentage points).

COMPUTATION OF UNIFORM PRODUCER PRICES FOR SEPTEMBER 1963
Based on 13 plant reports prior to audit (One plant excluded per §1090.72(a))

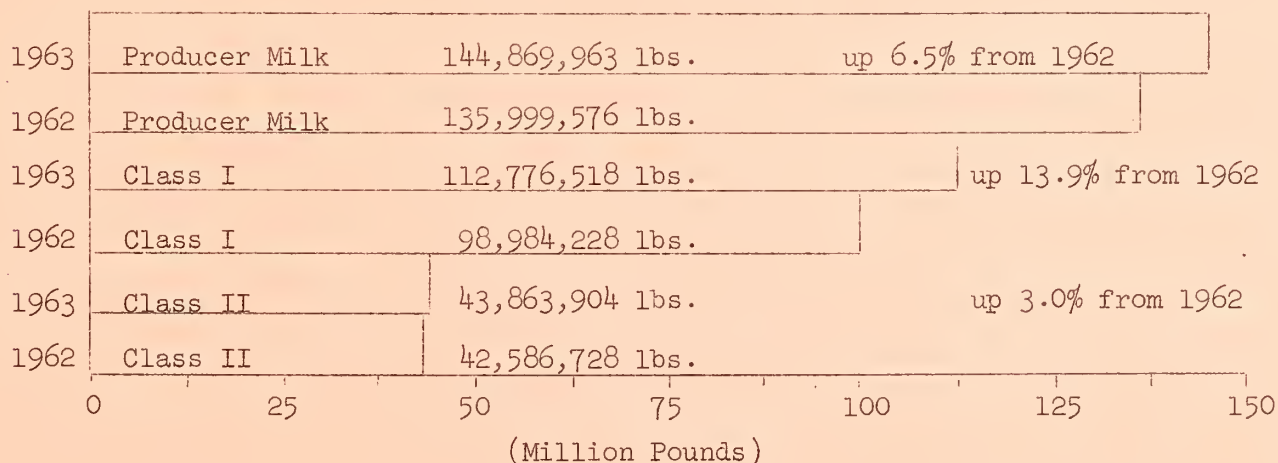
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	Class %	Milk Pounds	Butterfat Test-%	Cwt.Price @ Test	Value
Gross Class I		12,795,713	3.508		
Less Other Source		175,451	2.544		
Producer Milk Class I	79.0	12,620,262	3.521908	\$4.626431	\$583,867.71
Gross Class II		4,186,104	5.088		
Less Other Source		821,234	1.686		
Producer Milk Class II	21.0	3,364,870	5.918208	4.868564	163,820.85
TOTAL PROD. (Cl. I + Cl. II)	100.0	15,985,132	4.026329		747,688.56
Add Compensatory Payment Value and Inventory Reclassification Value					131.61
Add $\frac{1}{2}$ Producer-Settlement Fund Reserve					9,690.08
TOTAL VALUE AT TEST		15,985,132	4.026329		757,510.25
Less Test Over 3.5% @ 7.4¢ per point		15,985,132	.526329	0.389483	62,259.37
TOTAL VALUE AT 3.5%		15,985,132	3.5	4.349360	695,250.88
Less Producer-Settlement Fund Reserve		15,985,132		.049360	7,890.26
UNIFORM PRICE f.o.b. POOL PLANT - 3.5%		15,985,132	3.5	\$4.30	\$687,360.62

SEPTEMBER 1963 MINIMUM PRODUCER PRICES CWT. f.o.b. CHATTANOOGA POOL PLANT (0-65 Mile Zone)
BUTTERFAT DIFFERENTIAL 7.4¢ PER POINT (EXCLUDES PREMIUMS)

TEST	PRICE	TEST	PRICE	TEST	PRICE	TEST	PRICE	TEST	PRICE
3.0	\$3.93	3.6	\$4.374	4.2	\$4.818	4.8	\$5.262	5.4	\$5.706
3.05	3.967	3.65	4.411	4.25	4.855	4.85	5.299	5.45	5.743
3.1	4.004	3.7	4.448	4.3	4.892	4.9	5.336	5.5	5.78
3.15	4.041	3.75	4.485	4.35	4.929	4.95	5.373	5.55	5.817
3.2	4.078	3.8	4.522	4.4	4.966	5.0	5.41	5.6	5.854
3.25	4.115	3.85	4.559	4.45	5.003	5.05	5.447	5.65	5.891
3.3	4.152	3.9	4.596	4.5	5.04	5.1	5.484	5.7	5.928
3.35	4.189	3.95	4.633	4.55	5.077	5.15	5.521	5.75	5.965
3.4	4.226	4.0	4.67	4.6	5.114	5.2	5.558	5.8	6.002
3.45	4.263	4.05	4.707	4.65	5.151	5.25	5.595	5.85	6.039
3.5	4.30	4.1	4.744	4.7	5.188	5.3	5.632	5.9	6.076
3.55	4.337	4.15	4.781	4.75	5.225	5.35	5.669	5.95	6.113

PRODUCER RECEIPTS COMPARED WITH GROSS CLASS UTILIZATION
(January thru September)



CHATTANOOGA ORDER MILK PRICES (3.5 PERCENT MILK)

Date	PRODUCER UNIFORM PRICES ^{1/}				HANDLER CLASS PRICES ^{1/}			
	Per Hundredweight				Class I		Class II	
	Uniform	Base	Excess	Bf.Dif.	Cwt.	Bf.Dif.	Cwt.	Bf.Dif.
Sept. '62	\$4.02	-	-	7.2¢	\$4.37	7.5¢	\$3.06	6.7¢
Oct.	4.03	-	-	7.2	4.39	7.6	3.05	6.7
Nov.	4.20	-	-	7.2	4.52	7.5	3.09	6.7
Dec.	4.20	-	-	7.2	4.65	7.5	3.09	6.7
Jan. '63	4.29	-	-	7.2	4.70	7.5	3.09	6.7
Feb.	4.24	-	-	7.2	4.63	7.5	2.76	6.7
Mar.	4.33 ^{2/}	\$4.42	\$2.71	7.2	4.75	7.5	2.75	6.7
Apr.	4.23 ^{2/}	4.41	2.66	7.2	4.82	7.5	2.70	6.7
May	4.21 ^{2/}	4.34	2.62	7.2	4.79	7.5	2.66	6.7
June	4.17 ^{2/}	4.29	2.62	7.2	4.82	7.5	2.66	6.7
July	4.23 ^{2/}	4.39	2.62	7.2	4.83	7.5	2.66	6.7
Aug.	4.26	-	-	7.2	4.72	7.5	2.66	6.7
Sept.	4.30	-	-	7.4	4.61	7.5	3.20	6.9
Oct.	-	-	-	-	4.63	7.8	-	-

PRICES USED IN DETERMINING CLASS PRICES AND BUTTERFAT DIFFERENTIALS

Date	CLASS II ALTERNATIVE FORMULAS \$-cwt-3.5%		PRICE QUOTATIONS			BASIC FORMULA	
	4 Tenn.	Butter	4 Tenn. Milk Mfg.	Chi.92° Butter	Chi.Area Powders	Minn.-Wisc. Mfg.Grade Milk	
	Milk Mfg.	Powder	\$-cwt-4%	¢ Lb.	¢ Lb.	\$-cwt-3.5%	
Sept. '62	2.66	3.06	3.000	58.28	13.40	3.06	
Oct.	2.66	3.05	3.000	57.96	13.44	3.07	
Nov.	2.72	3.09	3.050	57.99	13.76	3.10	
Dec.	2.75	3.09	3.081	57.98	13.86	3.11	
Jan. '63	2.76	3.09	3.100	57.97	13.92	3.10	
Feb.	2.76	3.08	3.100	57.94	13.95	3.10	
Mar.	2.75	3.12	3.088	57.97	14.07	3.09	
Apr.	2.70	3.09	3.031	57.97	13.97	3.08	
May	2.66	3.09	3.000	57.97	13.94	3.07	
June	2.66	3.12	3.000	57.97	14.04	3.08	
July	2.66	3.12	3.000	57.97	14.03	3.09	
Aug.	2.66	3.12	3.000	57.97	14.07	3.10	
Sept.	2.66	3.20	3.000	59.70	14.18	3.12	

SUMMARY OF RECEIPTS AND USE (DAILY AVERAGE POUNDS)

Date	HANDLER GROSS MILK ^{3/}			PRODUCER DATA ^{3/}				Deliveries Per			Prod.
	No.	Total	Class I	Class I	Total	Base	No.	Farm----Pounds			Milk
	Hdlrs.	Receipt	Use	Use	Delivery	Delivery	Prod.	Prod.	Base	Exc.	Test%
Sept. '62	14	528,521	385,941	381,658	508,196	-	673	755	-	-	4.09
Oct.	14	542,005	398,123	393,583	525,753	-	673	781	-	-	4.29
Nov.	14	515,320	408,567	403,451	500,139	-	672	744	-	-	4.41
Dec.	14	513,390	372,053	367,468	496,731	-	668	744	-	-	4.41
Jan. '63	15	508,073	389,629	383,326	493,008	-	666	740	-	-	4.36
Feb.	15	543,735	406,650	400,237	497,477	-	694	717	-	-	4.32
Mar.	16	522,627	400,023	385,801	481,460	456,507	661	728	691	37	4.17
Apr.	16	638,439	435,455	429,486	581,762	523,349	706	824	741	83	4.02
May	16	608,217	424,730	418,446	561,115	517,411	701	800	738	62	4.01
June	16	587,215	386,749	380,119	536,089	494,678	700	766	707	59	3.99
July	14	575,549	393,963	387,683	527,174	479,294	697	756	688	68	3.99
Aug.	14	586,869	430,310	423,917	537,729	-	695	774	-	-	4.00
Sept.	14	593,494	450,863	445,015	559,667	-	694	806	-	-	4.02

^{1/} Excludes Premiums^{2/} For Statistics^{3/} Other Source is Gross minus Producer; Class II is Receipts minus Class I